

Minutes of the Meeting of April 26, 2013

of the

MASSACHUSETTS TEACHERS' RETIREMENT BOARD

I. Regular Matters of Business

In attendance at this regular meeting of the Massachusetts Teachers' Retirement Board ("the Board") were Chairman Jeff Wulfson, Richard L. Liston, Dennis J. Naughton, Joannah M. Quinn, Anne Wass, Executive Director Joan Schloss, Deputy Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, General Counsel James Salvie, Senior Associate Counsel/Disability Case Manager Rob Fabino, and Executive Assistant Helen Petruzzello.

The meeting was called to order at approximately 9:01 a.m.

The minutes of the previous Board meeting, held on March 22, 2013, were reviewed and approved as submitted on a motion made by Ms. Wass and seconded by Mr. Naughton. The motion carried 5-0.

VOTED: The Open and Executive minutes of the Board meeting held on March 22, 2013, are hereby approved as submitted.

II. MyTRS Quarterly Status Report

Susan Morgan, Director of Strategic Planning and Project Management, introduced Brian McKinney, Project Manager from Vitech. Also attending the meeting were Andrew Flewelling, Senior Analyst, Ben Lott, Project Manager from KPMG LLP, the Oversight Project Management Consultants and Lisa Maloney, Director of the MTRS Project Management Office.

Mr. McKinney explained that Chris Lodge had intended to attend the meeting but was delayed in travel. Mr. McKinney provided a brief update on Infrastructure and Hosting and described how Vitech is continuing to monitor the database as a precaution to assure no performance "hiccups." On Rollout II progress, the Board asked Mr. Neilon for an update on district compliance with employer reporting. Mr.

Neilon reported that 100% of the districts were complete, reconciliation was being run, and he anticipated that annual statements for 2012 would be released May or June. He also stated that data was being forwarded for PERAC's actuarial valuation report. Mr. McKinney explained the progress being made in the issue categories, specifically defects. Upon the Board's questioning, Mr. McKinney answered tests are done to assure screen response times are equal in-house and outside.

The Board questioned what effect the two week transition period will have on members. Ms. Glaster answered that there is anticipation for a blackout period at which point the application would be read only. She further explained that communications had advised members to get retirement applications in early and the push has been to get as many applications processed before this blackout period to minimize the amount of members affected. Ms. Morgan revealed that the time period will occur after the August warrant date. Ms. Schloss confirmed that word has been sent to staff that the project should be first priority when planning vacations. She further confirmed that communications would be sent to members via the MTRS website as well as broadcast emails. In answer to the Chairman's question regarding a system overload once MyTRS is available, Mr. McKinney explained that the application would be prepared for that and that vulnerability assessments are conducted to assure that the data is safe and "hack-free." Mr. McKinney stated there is no change in the schedule plan from the last quarterly update and the Chairman expressed his appreciation to Vitech and staff on getting the project back on track.

Mr. Flewelling addressed three potential risks. First, he considered himself "more comfortable and more positive" with the time frame for the Go-live date but was still mindful of that risk. Secondly, he noted a dip to 80% for UAT releases instead of the earlier 90% which he cautioned that Vitech needs to increase its focus on internal testing to ensure the higher pass rate and to minimize re-work. Lastly, he explained, with Ms. Maloney's assistance, data conversion issues involving code changes and the uncertainty on whether all converted data can be handled by the system upon the cutover. The Board clarified that these issues wouldn't affect the length of the blackout period but actually the time period when that occurs. All left the room at approximately 9:39 a.m.

III. Executive Session

A motion was made by Mr. Naughton and seconded by Mr. Liston, to enter into Executive Session in order to review applications for disability retirement. On roll call, the vote was as follows:

VOTED: Richard L. Liston	Yes
Dennis J. Naughton	Yes
Joannah M. Quinn	Yes
Anne Wass	Yes
Chairman Jeff Wulfson	Yes

At approximately 9:40 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At approximately 1:07 p.m. the Board reconvened in Open Session and Chairman Wulfson announced the Board's actions during Executive Session on the following items.

ORDINARY DISABILITY RETIREMENT

1. Lisa Tarantino

The application of Lisa Tarantino for ordinary disability retirement benefits was reviewed, together with the medical panel reports and other information. On a motion to approve the application for ordinary disability retirement, made by Mr. Naughton and seconded by Mr. Liston, the roll call vote was as follows:

VOTED: Richard L. Liston	Yes
Dennis J. Naughton	Yes
Joannah M. Quinn	Yes
Anne Wass	Yes
Chairman Jeff Wulfson	Yes

VOTED: The application of Lisa Tarantino for ordinary disability retirement benefits was approved.

ACCIDENTAL DISABILITY RETIREMENT

1. Georgina Nebedum-Ezeh

The application of Georgina Nebedum-Ezeh for accidental disability retirement benefits was reviewed, together with the medical panel reports and other information. On a motion to approve the application for accidental disability retirement, made by Mr. Liston and seconded by Ms. Wass, the roll call vote was as follows:

VOTED: Richard L. Liston	Yes
Dennis J. Naughton	Yes
Joannah M. Quinn	Yes
Anne Wass	Yes
Chairman Jeff Wulfson	Yes

VOTED: The application of Georgina Nebedum-Ezeh for accidental disability retirement benefits was approved.

2. Maryellen Loucks

The application of Maryellen Loucks for accidental disability retirement benefits was reviewed, together with the medical panel reports and other information. On a motion to deny the application for accidental disability retirement, made by Ms. Wass and seconded by Mr. Liston, the roll call vote was as follows:

VOTED: Richard L. Liston	Yes
Dennis J. Naughton	No
Joannah M. Quinn	Yes
Anne Wass	Yes
Chairman Jeff Wulfson	Yes

VOTED: The application of Maryellen Loucks for accidental disability retirement benefits was denied.

IV. Open Session

The Board recessed for a luncheon break at approximately 1:07 p.m. and reconvened at approximately 1:23 p.m.

A. WORKING AFTER RETIREMENT CALCULATIONS 91(b)

General Counsel Salvie presented for the Board's approval amendments to the Board policy on Determination of Post-Retirement Earnings. On a motion made by Ms. Wass, and seconded by Mr. Liston, the Board voted 5-0 to approve the policy, effective January 2014.

B. FY 2014 OPERATIONAL & PROJECT BUDGET

Executive Director Joan Schloss presented the FY 14 Operational and Project Budget for the Board's approval. The proposed FY 2014 spending plans totaled \$18,775,305 which represents a 2% decrease from the previous year's budget. Included within the budget is the authorization for a 3% salary reserve for the staff. After a brief discussion, on a motion made by Mr. Liston, and seconded by Ms. Wass, the Board voted 5-0 to approve the FY 14 Operational and Project Budget.

C. PRIM BOARD UPDATE

In his role as the Board's representative to the PRIM Board, Mr. Naughton provided an update to recent activity at the PRIM Board, notably on two items: performance and compensation. Mr. Naughton reported that the fund's performance is up 1.9%. Upon the Chairman's inquiry, Mr. Naughton will research whether the PRIM Board receives outside guidance on determination of benchmarks. Mr. Naughton explained the history and reasons behind the recent compensation adjustments in an effort to retain quality personnel. The Board agreed that they would like to invite Michael Trotsky, Executive Director and Chief Investment Officer from PRIM to a future Board meeting.

D. PRIM INVESTMENTS IN FIREARMS HOLDINGS AND RECENT DIVESTURE ACTIVITY

Upon Ms. Wass's request at the last Board meeting, the Board held a discussion regarding the divesture process. Mr. Naughton explained that it takes an act of the Legislature to divest because of liability concerns. Mr. Neilon estimated that the public service hearings on the subject would probably start in the fall. The Board decided to acquire more information before making any recommendations. The Chairman suggested this would be a topic to discuss with Michael Trotsky. Ms. Wass questioned proper actions for board members and Mr. Salvie advised that, if the Board as a whole has not taken a position on the issue, a Board member could disclose that they are a board member but are speaking as an individual.

E. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Schloss included in the Board materials a copy of the letter addressed to the Treasurer and others written on the Board's behalf supporting the effort to reduce the actuarial assumed rate of return. Chairman Wulfson remarked that this is a good example of what a board can do to show support on an issue.
2. Ms. Schloss noted the April 26th deadline for registration to the PRIM Investors' Seminar being held on May 9th at Bentley University.
3. The MACRS Annual Meeting and Conference 2013 agenda was included in the Board materials and Ms. Schloss indicated reservations have already been made for some board members.
4. Ms. Schloss confirmed that the upcoming NCTR Trustee Workshop will earn 4 credits towards the mandatory education requirements.
5. Ms. Schloss pointed out the NCTR response to Congressman Devin Nunes "Public Employee Pension Transparency Act (PEPTA)" and continuing efforts to regulate public pension systems.
6. Ms. Schloss sought and received approval from the Board to invite Keith Brainard of NASRA to speak at the September Annual meeting.

Ms. Wass commended the legal summaries. Additionally, she expressed her concern about the notice, included in the Member Services Quarterly Report, provided to members advising them to submit retirement applications early and to prepare for a

potential four month delay between checks, due to the blackout period. Ms. Glaster explained this message was sent as an alert for members to plan ahead, and that it was determined that it was better to tell them now to make them aware of this possibility so that they could make proper financial preparations.

On a motion made by Ms. Quinn and seconded by Mr. Naughton, the Board voted unanimously to adjourn the meeting at approximately 2:41 p.m.

Respectfully submitted,

Joan Schloss, Executive Director

Date

Documents used in MTRS Board meeting of April 26, 2013

- Agenda for April 26, 2013 MTRS Board meeting
- Cover letter from Executive Director
- Open and Executive minutes of March 22, 2013 MTRS Board meeting
- Documents pertaining to MyTRS Quarterly Status Report
- Documents pertaining to Working after Retirement Calculations
- Documents pertaining to FY 2014 Operational & Project Budget
- Documents pertaining to PRIM Investments in firearms holdings and recent divestiture activity
- Memorandum from PMO to Executive Director regarding PMO Monthly expenditures for March 2013